Endeavour Mining

Q1 results

Starting as it means to go on

Metals & mining

For the third time in succession, Endeavour's (EDV) quarterly results were materially ahead of our expectations in Q119, driven by universally higher production and lower all-in sustaining costs (AISC) at each of its operating assets (with the exception of the Ity heap leach operation). Output was further augmented by 8.8koz of pre-commercial production from the Ity CIL plant. While production and sales were both c 31% below Q418's record level, therefore – as a result of c 30% of total mill feed being derived from low-grade stockpiles – they were nevertheless c 22% above our expectations at 121koz apiece.

Year end	Revenue (US$m)	EBITDA (US$m)	PBT* (US$m)	Operating cash flow per share (US$)	Capex (US$m)	Net debt** (US$m)
12/17	652.1	201.2	49.3	2.25	441.4	216.8
12/18	752.0	264.8	70.5	2.33	486.5	517.5
12/19e	785.1	317.3	61.2	2.29	206.4	531.9
12/20e	979.2	513.0	256.6	3.63	185.9	375.1

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. **Includes restricted cash.

Q1 positions EDV to meet full-year guidance

In the wake of its Q119 results, we have increased our FY19 production forecast for Endeavour, from 619.7koz to 634.1koz, and reduced our forecast for all-in sustaining costs, from US$802/oz to US$788/oz cf the official FY19 production and AISC cost guidance ranges of 615–695koz and US$760–810/oz, respectively.

Small positive change to FY19 earnings expectations

Notwithstanding our production and cost forecast changes, when incorporated into our full-year estimates, the resulting changes are essentially immaterial on an annual basis. Nevertheless, FY19 is a transition year for Endeavour as capex reduces to almost exclusively sustaining capex in H2 at the same time as process grades at Houndé and Karma rise and the Ity CIL project makes its first positive contribution to cash flows. All other things being equal, we estimate that net debt should decline rapidly from H219 onwards such that we estimate Endeavour will be net debt-free in early FY22 (notwithstanding capex related to the Kalana project) – a timetable that may be accelerated further given management's stated intention to increase the Ity CIL plant nameplate capacity by 25%, from 4Mtpa to 5Mtpa during the remainder of FY19 at a minimal cost of c US$10–15m.

Valuation: Homing in on US$32.58/share

In valuing Endeavour, we have opted to discount potential cash flows back over four years from end-FY18 then to apply an ex-growth, ad infinitum terminal multiple of 10x (consistent with a discount rate of 10%) to forecast cash flows in that year (FY22). For Endeavour, our estimate of cash flow in FY22 is US$3.26 per share (including exploration expenditure), in which case our terminal valuation of the company at end-FY22 is US$32.58/share (cf US$32.93/share previously), which (in conjunction with forecast intervening cash flows) discounts back to a value of US$27.58/share at the start of FY19.

3 May 2019

Price	**C$19.02**
Market cap	**C$2,076m**
	C$1.3389/US$
Net debt (US$m) at end March 2019	615.3
Shares in issue (thousands)	109,154
Free float	70.1%
Code	EDV
Primary exchange	TSX
Secondary exchange	US OTC

Share price performance

%	1m	3m	12m
Abs	(6.9)	(16.2)	(15.9)
Rel (local)	(9.7)	(22.0)	(20.6)
52-week high/low		C$24.20	C$16.36

Business description

Endeavour Mining is an intermediate gold producer, with four mines in Côte d'Ivoire (Agbaou and Ity) and Burkina Faso (Houndé and Karma) and two major development projects (Ity CIL and Kalana) in the highly prospective west African Birimian greenstone belt.

Next events

La Plaque resource update	Late Q219
Kari West & Centre drill results	Late Q219
Kari West & Centre maiden resource	Q419
Kalana feasibility study	Q120

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Edison profile page

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Q119 results

In general, Endeavour's Q119 results were worse than Q418 (which was expected given the effective cessation of activities at its Ity heap leach operation), although they were better than our expectations (see Exhibit 1). Gold sales exceeded production at each of EDV's operations. In addition, production was augmented by 8.8koz of pre-commercial production output from the Ity CIL plant. While production and sales were both c 31% below Q418's record level, therefore, they were nevertheless c 22% above our expectations. As a result, there was a positive variance of US$28.9m in actual revenue relative to our forecast, which was partially offset by a negative US$10.8m variance in operating expenses and a negative US$2.5m variance in royalties paid. However, depreciation was US$8.6m below our expectations, such that earnings from operations were US$23.3m higher. A summary of Endeavour's financial and operational performance, relative to both the previous quarter and our prior expectations (as set out in our note, Ity CIL project pours first gold, published on 1 April 2019) is as follows:

EDISON

Exhibit 1: Endeavour Mining FY18 earnings, by quarter (US$000s unless otherwise indicated)

	Q118*	Q218	Q318	Q418	Q119e	Q119a	Q1/Q4 Change (%)	Q1 vs Q1e Variance (%)	Q1 vs Q1e Variance (units)
Houndé production (koz)	73.8	66.9	60.7	75.8	46.6	55.4	-26.9	18.9	8.8
Agbaou production (koz)	32.1	33.7	31.2	44.4	24.7	31.8	-28.4	28.7	7.1
Karma production (koz)	28.2	21.0	26.1	33.5	23.0	22.1	-34.0	-3.9	-0.9
Ity heap leach production (koz)	18.3	25.0	21.0	20.6	5.0	11.5	-44.2	130.0	6.5
Tabakoto production (koz)	32.4	26.8	26.5	29.6	N/A	N/A	N/A	N/A	N/A
Total gold produced (koz)	152	147	139	174.2	99.4	120.8	-30.7	21.5	21.4
Total gold sold (koz)	154	151	134	173.4	99.4	120.9	-30.3	21.6	21.5
Gold price (US$/oz)	1,328	1,306	1,161	1,198	1,304	1,304	8.8	0.0	0.0
Cash costs (US$/oz)	524	608	643	555	781	659**	18.7	-15.6	-122.0
AISC (US$/oz)	669	768	820	707	1,007	877	24.0	-12.9	-130.0
Revenue									
- Gold revenue	198,894	189,515	155,764	207,784	122,405	151,310	-27.2	23.6	28,905
Cost of sales									
- Operating expenses	83,276	92,646	86,238	124,832	77,565	88,363	-29.2	13.9	10,798
- Royalties	12,183	10,254	8,293	10,338	6,492	8,989	-13.0	38.5	2,497
Gross profit	103,435	86,615	61,233	72,614	38,348	53,958	-25.7	40.7	15,610
Depreciation	(39,504)	(43,538)	(35,911)	(50,116)	(44,764)	(36,132)	-27.9	-19.3	8,632
Expenses									
- Corporate costs	(6,488)	(6,130)	(5,888)	(8,001)	(5,957)	(6,061)	-24.2	1.7	-104
- Impairments	0	0	0	0	0	0	N/A	N/A	0
- Acquisition etc costs	0	0	0	0	0	0	N/A	N/A	0
- Share based compensation	(2,668)	(10,109)	(4,007)	(8,147)	(5,333)	(2,600)	-68.1	-51.2	2,733
- Exploration costs	(2,754)	(2,284)	(2,583)	0	(821)	(4,361)	N/A	431.2	-3,540
Total expenses	(11,910)	(18,523)	(12,478)	(16,148)	(12,111)	(13,022)	-19.4	7.5	-911
Earnings from operations	52,021	24,554	12,844	6,350	(18,528)	4,804	-24.3	-125.9	23,332
Interest income	0	0					N/A	N/A	0
Interest expense	(7,496)	(4,549)	(6,679)	(4,947)	(12,938)	(4,919)	-0.6	-62.0	8,019
Net interest	(7,496)	(4,549)	(6,679)	(4,947)	(12,938)	(4,919)	-0.6	-62.0	8,019
Loss on financial instruments	(11,403)	10,922	24,755	(16,239)		1,123	-106.9	N/A	1,123
Other expenses	(165)	(818)	(173)	(402)	1,033	(197)	-51.0	-119.1	-1,230
Profit before tax	32,957	30,109	30,747	(15,238)	(30,433)	811	-105.3	-102.7	31,244
Current income tax	10,772	17,095	17,443	21,212	2,671	13,478	-36.5	404.6	10,807
Deferred income tax	(4,881)	4,432	(2,007)	(2,551)	0	(1,224)	-52.0	N/A	-1,224
Total tax	5,891	21,527	15,436	18,661	2,671	12,254	-34.3	358.8	9,583
Marginal tax rate	17.9	71.5	50.2	(122.5)	(8.8)	1,511.0	-1,333.5	-17,270.5	1,519.8
Profit after tax	27,066	8,582	15,311	(33,899)	(33,104)	(11,443)	-66.2	-65.4	21,661
Net profit from discontinued ops.	593	(24,025)	(35,705)	(95,658)	0	0	-100.0	N/A	0
Total net and comprehensive loss	27,659	(15,443)	(20,394)	(129,557)	(33,104)	(11,443)	-91.2	-65.4	21,661
Minority interest	14,567	(132)	(3,619)	(3,695)	(1,092)	3,224	-187.3	-395.2	4,316
Minority interest (%)	*52.7*	*0.9*	*17.7*	*2.9*	3.3	(28.2)	-1,072.4	-954.5	-31.5
Profit attributable to shareholders	13,092	(15,311)	(16,775)	(125,862)	(32,013)	(14,667)	-88.3	-54.2	17,346
Basic EPS from continuing ops. (US$)	0.116	0.037	0.136	(0.292)	(0.296)	(0.136)	-53.4	-54.1	0.160
Diluted EPS from continuing ops. (US$)	0.116	0.037	0.136	(0.292)	(0.285)	(0.131)	-55.1	-54.0	0.154
Basic EPS (US$)	0.122	(0.142)	(0.156)	(1.167)	(0.296)	(0.136)	-88.3	-54.1	0.160
Diluted EPS (US$)	0.121	(0.142)	(0.155)	(1.165)	(0.285)	(0.131)	-88.8	-54.0	0.154
Norm. basic EPS from continuing ops (US$)	0.222	(0.064)	(0.094)	(0.142)	(0.296)	(0.146)	2.8	-50.7	0.150
Norm. diluted EPS from continuing ops (US$)	0.221	(0.064)	(0.094)	(0.141)	(0.285)	(0.141)	0.0	-50.5	0.144
Adj net earnings attributable (US$000s)	24,411	9,189	(1,408)	16,271	(27,854)	(5,000)	-130.7	-82.0	22,854
Adj net EPS from continuing ops. (US$)	0.227	0.085	(0.013)	0.151	(0.258)	(0.046)	-130.6	-82.1	0.212

Source: Endeavour Mining, Edison Investment Research. Note: *Q118 restated to reflect Tabakoto as a 'discontinued operation'. Company reported basis. **Edison estimate.

The positive variance in the interest expense relative to our prior expectation could be principally attributed to the capitalisation of interest associated with the financing of the Ity CIL project ahead of commercial production (which was declared on 8 April – approximately one quarter ahead of schedule). Otherwise, it should be apparent that both the tax charge and the minority interest charge during the quarter were anomalous and not reflective of the commercial realities of Endeavour's commercial environment.

In general, Q119 was characterised by the use of low-grade stockpiles to temporarily supplement plant feed at the same time as mining focused on waste capitalisation activities at each of Endeavour's three remaining continuing operations. In addition, mining was temporarily constrained to low-grade areas of the North Pit and West Pit 3 at **Agbaou** while, at **Houndé**, unit processing costs increased by 4.0%, quarter-on-quarter, owing to a higher proportion of fresh ore milled as the mine plan shifted to focus on the Vindaloo Main and Central pits. Mining unit costs similarly rose, by 34.1%, quarter-on-quarter, at **Karma**, owing to the mining of deeper and more transitional material in the Kao pit.

FY19 cost and production guidance and Edison forecasts

Historically, Endeavour has a good record of meeting its production and cost guidance targets. For FY19, these are as follows (cf Edison's updated forecasts):

Exhibit 2: Current Endeavour production and AISC cost guidance, by mine, FY19 vs FY18 and Edison forecast

	Production			All-in sustaining costs (AISC)		
Mine	**FY19e guidance (koz)**	**Edison FY19e forecast (koz)**	**Previous FY19 forecast (koz)**	**FY19e guidance (US$/oz)**	**Edison FY19e forecast (US$/oz)**	**Previous FY19 forecast (US$/oz)**
Houndé	230–250	239.1	230.4	720–790	739	768
Agbaou	120–130	120.0	120.0	850–900	849	900
Karma	105–115	108.4	109.3	860–910	872	890
Ity	160–200	166.5	160.0	525–590	566	547
Group total	**615–695**	**634.1**	**619.7**	**760–810***	**788***	**802***

Source: Endeavour Mining, Edison Investment Research. Note: *Includes corporate general & administrative costs and sustaining exploration costs.

To all intents and purposes, the **Ity CIL** project has now reached full capacity and will make a full contribution to earnings in Q219. During the remainder of the year, the high-grade Bouéré deposit is expected to be commissioned at Houndé. While the proportion of fresh ore processed at Houndé is thus anticipated to rise to in excess of 30% (from c 20%) in the interim, it will reduce in Q4, before increasing once again in 2020 as mining at both Vindaloo and Bouéré transition to deeper levels. Given exploration success at Houndé and its increasing reserve and resource profile, management has confirmed that a review of the plant will be conducted during Q319 with a view to increasing its capacity. Otherwise, pre-stripping is expected to be completed at Karma in Q219, after which the operation will benefit from the stacking of oxide ore once again from the North Kao pit.

Compared with our previous forecasts, the only noteworthy changes to our operating forecasts for Q2–Q419 relate to the assumed gold price in Q2 (now US$1,283/oz cf US$1,318/oz previously) and the grade of ore processed at Agbaou (now 1.67g/t cf 1.80g/t previously). Within this context, our financial forecasts for Endeavour for FY19, by quarter, are as follows:

Exhibit 3: Endeavour Mining FY19 earnings forecasts, by quarter (US$000s unless otherwise indicated)

	FY18	Q119	Q219e	Q319e	Q419e	FY19e
Houndé production (koz)	277.2	55.4	46.6	68.6	68.6	239.1
Agbaou production (koz)	141.3	31.8	29.4	29.4	29.4	120.0
Karma production (koz)	108.7	22.1	23.0	28.3	35.0	108.4
Ity production (koz)	84.8	11.5	44.4	55.3	55.3	166.5
Tabakoto production (koz)	115.2	N/A	N/A	N/A	N/A	N/A
Total gold produced (koz)	612.1	120.8	143.5	181.5	188.3	634.1
Total gold sold (koz)	612.1	120.9	143.5	181.5	188.3	634.1
Gold price (US$/oz)	1,199	1,304	1,283	1,263	1,263	1,237*
Cash costs (US$/oz)	579	659**	657	540	521	584
Mine level AISC (US$/oz)	744	877	827	689	667	740
Revenue						
- Gold revenue	751,957	151,310	176,993	224,165	232,662	785,130
Cost of sales						
- Operating expenses	386,926	88,363	94,248	98,110	98,110	378,831
- Royalties	41,068	8,989	8,366	10,888	11,398	39,640
Gross profit	323,963	53,958	74,379	115,167	123,155	366,659
Depreciation	(169,069)	(36,132)	(47,706)	(58,143)	(62,137)	(204,118)
Expenses						
- Corporate costs	(26,573)	(6,061)	(5,957)	(5,957)	(5,957)	(23,932)
- Impairments	0	0	0	0	0	0
- Acquisition etc costs	0	0	0	0	0	0
- Share based compensation	(24,931)	(2,600)	(5,333)	(5,333)	(5,333)	(18,599)
- Exploration costs	(7,621)	(4,361)	(821)	(821)	(821)	(6,825)
Total expenses	(59,125)	(13,022)	(12,111)	(12,111)	(12,111)	(49,356)
Earnings from operations	95,769	4,804	14,562	44,913	48,907	113,185
Interest income	0					0
Interest expense	(23,671)	(4,919)	(15,611)	(15,611)	(15,611)	(51,753)
Net interest	(23,671)	(4,919)	(15,611)	(15,611)	(15,611)	(51,753)
Loss on financial instruments	8,035	1,123				1,123
Other expenses	(1,558)	(197)	0	0	0	(197)
Profit before tax	78,575	811	(1,050)	29,301	33,295	62,358
Current income tax	66,522	13,478	8,980	14,042	13,981	50,481
Deferred income tax	(5,007)	(1,224)	0	0	0	(1,224)
Total tax	61,515	12,254	8,980	14,042	13,981	49,257
Marginal tax rate	*78.3*	1,511.0	(855.5)	47.9	42.0	79.0
Profit after tax	17,060	(11,443)	(10,030)	15,259	19,315	13,101
Net profit from discontinued ops.	(154,795)	0	0	0	0	0
Total net and comprehensive loss	(137,735)	(11,443)	(10,030)	15,259	19,315	13,101
Minority interest	7,121	3,224	2,860	5,679	6,076	17,839
Minority interest (%)	*(5.2)*	(28.2)	(28.5)	37.2	31.5	136.2
Profit attributable to shareholders	(144,856)	(14,667)	(12,890)	9,580	13,239	(4,739)
Basic EPS from continuing ops. (US$)	(0.001)	(0.136)	(0.118)	0.088	0.121	(0.043)
Diluted EPS from continuing ops. (US$)	(0.001)	(0.131)	(0.114)	0.085	0.117	(0.042)
Basic EPS (US$)	(1.344)	(0.136)	(0.118)	0.088	0.121	(0.043)
Diluted EPS (US$)	(1.342)	(0.131)	(0.114)	0.085	0.117	(0.042)
Norm. basic EPS from continuing ops (US$)	(0.075)	(0.146)	(0.118)	0.088	0.121	(0.054)
Norm. diluted EPS from continuing ops (US$)	(0.075)	(0.141)	(0.114)	0.085	0.117	(0.052)
Adj net earnings attributable (US$000s)	53,132	(5,000)	(6,036)	12,928	16,895	18,786
Adj net EPS from continuing ops. (US$)	0.493	(0.046)	(0.055)	0.118	0.155	0.172

Source: Endeavour Mining, Edison Investment Research. Note: Company reported basis. *Includes adjustment for Karma stream. **Edison estimate.

Readers are cautioned that forecasting on a quarterly basis is prone to large variations between actual and forecast numbers (as demonstrated, not least, by the variances observed between Q1a and Q1e in Exhibit 1). To this end, it is worth noting that the top end of Endeavour's production guidance is 60.9koz gold above our forecast for the year, which is worth a material US$78.1m in additional revenue to the company (at the current spot price of gold of US$1,282/oz) for a potentially negligible incremental cost and therefore has the ability to more than double Endeavour's profit before tax in the year relative to our forecasts above. In addition, as in FY18, a degree of seasonality may be expected between Q319 and Q419, which has not been taken into consideration at this stage. As such, the exhibit above should be regarded as more indicative than prescriptive with respect to the individual quarters. Within that context, however, the table above nevertheless demonstrates the effects of a number of anticipated operating developments over the course of the year, including:

- the processing of low-grade stockpiles at Karma in H1;
- production from the higher-grade Bouéré pit at Houndé in H2; and
- the start of commercial production from the Ity CIL project in Q2.

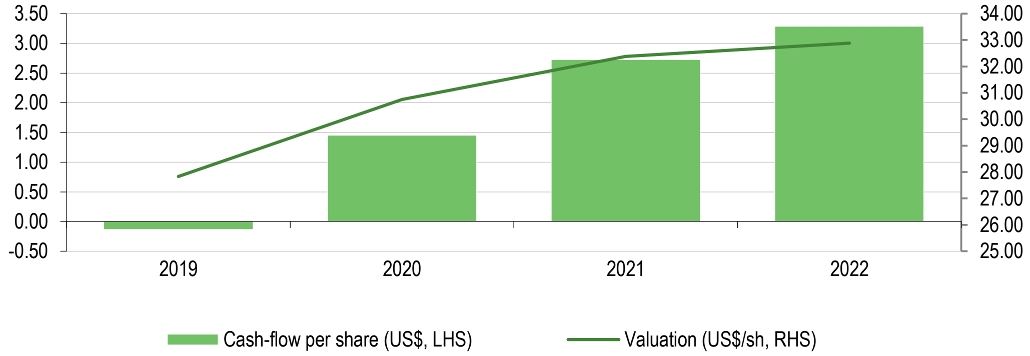
By contrast, to date, we have given no credit to Endeavour's plan to increase the Ity CIL plant nameplate capacity by 1Mtpa to 5Mtpa (which is a major factor in the difference between the maximum and minimum levels within its production guidance range). These plant upgrades are expected to be completed during scheduled maintenance shut-downs over the next six months. However, should the process be completed by the end of Q3, then we estimate that it would have the potential to increase quarterly Ity CIL production from 55.3koz to 69.1koz in Q4 and group adjusted net earnings attributable (see Exhibit 3, above) from 15.6c per share to 22.9c per share.

Valuation

Endeavour is a multi-asset company that has shown a willingness and desire to trade assets to maintain production, reduce costs and maximise returns to shareholders (eg the sale of Youga in FY16, Nzema in FY17 and Tabakoto in FY18). Rather than our customary method of discounting maximum potential dividends over the life of operations back to FY19, therefore, we have opted to discount potential cash flows back over four years from end-FY18 and then to apply an ex-growth terminal multiple of 10x (consistent with using a standardised discount rate of 10%) to forecast cash flows in that year (ie FY22). In the normal course of events, exploration expenditure would be excluded from such a calculation on the basis that it is an investment. In the case of Endeavour, however, we have included it in our estimate of FY22 cash flows on the grounds that it may be a critical component of ongoing business performance in its ability to continually expand and extend the lives of the company's assets.

In the wake of its Q119 results, however, our estimate of Endeavour's cash flow in FY22 remains effectively unchanged, at US$3.26 per share (cf US$3.29/share previously – but only on account of the increase in the number of shares in early 2019), on which basis our terminal valuation of the company at end-FY22 is US$32.58/share (cf US$32.93/share previously), which (in conjunction with forecast intervening cash flows) discounts back to a value of US$27.58/share at the start of FY19 (cf US$27.91/share previously).

Exhibit 4: Endeavour forecast valuation and cash flow per share, FY19–22e (US$/share)



Source: Edison Investment Research

Financials

Endeavour had US$615.3m in net debt (including restricted cash) on its balance sheet at end-Q119 (vs US$517.5m at end-Q4, US$509.2m at end-Q3 and US$399.9m at end-Q218), after US$103.9m in capex during the quarter (vs US$87m in Q4 and US$110.8m in capex in Q318). This level of net debt equates to a gearing (net debt/equity) ratio of 72.4% (vs 60.3% at end-Q4 and 52.1% at end-Q3) and leverage (net debt/[net debt + equity]) ratio of 42.0% (vs 37.6% at end-Q4 and 34.3% at end-Q3). Note that US$615.3m accords with Endeavour's Q119 financial statements; it differs from the figure of US$635m quoted in some of the company's other materials because the formal accounting treatment of the finance leases on the balance sheet in particular requires future cash flows to be discounted back to present value – whereas the higher figure is quoted on an undiscounted basis. In addition, the higher figure does not include restricted cash.

With capital expenditure relating to the Ity CIL project now having been, to all intents and purposes, completed, Endeavour has no major capex commitments in the future until the development of Kalana. After one further quarter of outflows in Q219, therefore, we estimate that cash flows will revert to the strongly positive in H219, such that, overall in FY19, they will be close to break-even, such that we are forecasting that Endeavour will have net debt of c US$531.9m as at end-FY19 (cf US$528.7m previously), which will equate to a gearing ratio of 61.0% (cf 60.6% previously) and a leverage ratio of 37.9% (cf 37.7% previously). Thereafter, net debt should decline rapidly such that we estimate the company will be net debt-free in early FY22 (notwithstanding capex related to the Kalana project), at which point it will potentially be able to make dividend distributions to shareholders.

Exhibit 5: Financial summary

US$'000s	2016	2017	2018	2019e	2020e
December	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue	566,486	652,079	751,957	785,130	979,241
Cost of Sales	(376,794)	(597,528)	(487,119)	(467,827)	(466,225)
Gross Profit	189,692	54,551	264,838	317,303	513,016
EBITDA	213,916	201,166	264,838	317,303	513,016
Operating Profit (before amort. and except.)	127,981	70,379	95,769	113,185	309,798
Intangible Amortisation	0	0	0	0	0
Exceptionals	(36,272)	(149,942)	8,035	1,123	0
Other	(1,989)	(2,242)	(1,558)	(197)	0
Operating Profit	89,720	(81,805)	102,246	114,111	309,798
Net Interest	(24,593)	(18,789)	(23,671)	(51,753)	(53,189)
Profit Before Tax (norm)	101,399	49,348	70,540	61,235	256,609
Profit Before Tax (FRS 3)	65,127	(100,594)	78,575	62,358	256,609
Tax	(27,643)	(32,945)	(61,515)	(49,257)	(79,953)
Profit After Tax (norm)	73,756	16,403	9,025	11,978	176,656
Profit After Tax (FRS 3)	37,484	(133,539)	17,060	13,101	176,656
Net loss from discontinued operations			(154,795)	0	0
Minority interests			7,121	17,839	36,504
Net profit			(137,735)	13,101	176,656
Net attrib. to shareholders contg. businesses (norm)			(8,100)	(5,862)	140,152
Net attrib.to shareholders contg. businesses			(65)	(4,739)	140,152
Average Number of Shares Outstanding (m)	80.6	98.5	107.7	108.6	109.1
EPS - normalised ($)	(0.38)	(0.06)	(0.08)	(0.05)	1.28
EPS - normalised and fully diluted ($)	(0.38)	(0.06)	(0.08)	(0.05)	1.24
EPS - (IFRS) ($)	(0.83)	(1.59)	(1.34)	(0.04)	1.28
Dividend per share (p)	0.0	0.0	0.0	0.0	0.0
Gross Margin (%)	33.5	8.4	35.2	40.4	52.4
EBITDA Margin (%)	37.8	30.8	35.2	40.4	52.4
Operating Margin (before GW and except.) (%)	22.6	10.8	12.7	14.4	31.6
BALANCE SHEET					
Fixed Assets	1,073,562	1,331,745	1,594,202	1,601,495	1,584,211
Intangible Assets	29,978	6,267	4,186	4,186	4,186
Tangible Assets	1,039,529	1,317,952	1,543,842	1,551,135	1,533,851
Investments	4,055	7,526	46,174	46,174	46,174
Current Assets	283,536	361,766	327,841	347,215	557,254
Stocks	110,404	141,898	126,353	150,987	188,316
Debtors	36,572	95,212	74,757	81,506	97,461
Cash	124,294	122,702	124,022	109,667	266,422
Other	12,266	1,954	2,709	5,056	5,056
Current Liabilities	(149,626)	(241,185)	(248,420)	(243,388)	(238,154)
Creditors	(145,311)	(223,527)	(224,386)	(219,354)	(214,120)
Short term borrowings	(4,315)	(17,658)	(24,034)	(24,034)	(24,034)
Long Term Liabilities	(246,811)	(451,705)	(729,290)	(729,290)	(729,290)
Long term borrowings	(146,651)	(323,184)	(618,595)	(618,595)	(618,595)
Other long-term liabilities	(100,160)	(128,521)	(110,695)	(110,695)	(110,695)
Net Assets	960,661	1,000,621	944,333	976,033	1,174,021
CASH FLOW					
Operating Cash Flow	164,522	244,092	274,938	299,290	475,831
Net Interest	(19,626)	(15,212)	(26,734)	(51,753)	(53,189)
Tax	(10,625)	(22,301)	(24,018)	(50,481)	(79,953)
Capex	(212,275)	(441,396)	(486,498)	(206,411)	(185,934)
Acquisitions/disposals	32,098	(37,332)	33,179	(5,000)	0
Financing	174,702	116,536	(6,231)	0	0
Dividends	(2,612)	(5,177)	(1,956)	0	0
Net Cash Flow	126,184	(160,790)	(237,320)	(14,355)	156,755
Opening net debt/(cash)	152,856	26,672	218,140	518,607	532,962
HP finance leases initiated	0	0	0	0	0
Other	0	(30,678)	(63,147)	(0)	0
Closing net debt/(cash)	26,672	218,140	518,607	532,962	376,207

Source: Company sources, Edison Investment Research. Note: *Excludes restricted cash. EPS normalised from 2018 reflect continuing business only.2017 is shown as previously reported (ie not restated).

EDISON

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